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2014

# Town of Mapleton Financial Statements December 31, 2014

Mapleton, Me.

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***TOWN OF MAPLETON***

FINANCIAL STATEMENTS

DECEMBER 31, 2014

(With Independent Auditor's Report Thereon)



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## TOWN OF MAPLETON, MAINE

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## INDEPENDENT AUDITOR'S REPORT

To the Selectmen of the  
Town of Mapleton

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Mapleton as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Mapleton, as of December 31, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Other Matters***

##### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3–5 and 21 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other

knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Mapleton's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 3, 2015, on our consideration of the Town of Mapleton's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of X, State Y's internal control over financial reporting and compliance.

*Davis, Gates & Alward CPA's*

Presque Isle, Maine  
February 3, 2015

# **TOWN OF MAPLETON, MAINE**

Management's Discussion & Analysis  
December 31, 2014

## **UNAUDITED**

As management of the Town of Mapleton, we offer readers of the Town of Mapleton's financial statements this narrative overview and analysis of the financial activities of the Town of Mapleton for the fiscal year ended December 31, 2014. We encourage readers to consider the information presented in conjunction with the basic financial statements.

### **FINANCIAL HIGHLIGHTS**

- Total assets of the Town of Mapleton exceed liabilities by \$1,903,799, which represents the total net position of the Town.
- The ending fund balance for all governmental funds was \$996,237. This is a \$158,957 increase from the prior year total. This amount includes \$500,080 committed for equipment, road maintenance and various other expenditures, resulting in a \$452,737 unassigned fund balance as of December 31, 2014. The unassigned fund balance, including the unearned income is approx 23% of annual general fund expenditures.

### **USING THIS ANNUAL REPORT**

The Town of Mapleton's financial statements are comprised of a series of statements. The Statement of Net Position and the Statement of Activities provide an overview of the government as a whole and its activities. The Fund Financial Statements, which begin immediately after the Statement of Activities, provide a more detailed look at the governmental funds. Next are the notes to the financial statements, which provide information essential to a complete understanding of the data provided. Following the notes are the combining and individual fund schedules, including non-major governmental funds.

### **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The government-wide financial statements present financial information in two statements -the Statement of Net Position and the Statement of Activities. These statements provide an overview of the government as a whole (similar to private-sector statements). All of the current year's revenues are taken into account regardless of when cash is received.

The Statement of Net Position provides a picture of the difference between assets and liabilities, which is called Net Position. The Statement of Activities provides a look at how the net position has changed from the prior year to the current year. Increases or decreases in net position can show whether the Town is improving or deteriorating. Other factors need to be considered, such as changes in the Town's property tax base and the condition of the roads, to assess the overall health of the Town.

### **FUND FINANCIAL STATEMENTS**

A fund is a grouping of related accounts which is used to maintain control over resources which have been segregated for specific activities or objectives. The Town of Mapleton, like other state and local governments, uses fund accounting to insure and demonstrate compliance with finance related legal requirements. All of the funds of the Town are governmental funds.

The Fund Financial Statements provide details of the Town's most significant funds, not the Town as a whole. These statements begin immediately after the Statement of Activities. Some funds are required to be established by state law and by bond covenants. However, management establishes other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money.

• *Governmental funds* -Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end which are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets which can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the town's general government operations and the basic services it provides. Governmental funds information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs.

## THE TOWN AS A WHOLE -STATEMENT OF NET POSITION and STATEMENT OF ACTIVITIES

The first two financial statements presented (pages 6 & 7) are the Statement of Net Position and the Statement of Activities are designed to present the Town as a whole similar to the way a business presents its financial statements. The Statement of Net Position combines the assets and liabilities as presented in the governmental funds with the Town's capital assets and long-term liabilities. The Statement of Activities shows the gross and net cost of the various departments which are funded by various general revenues including property taxes and other revenues. Revenues are recognized when earned regardless of when they are collected and expenses are recognized when the liability becomes due. Since capital asset purchases are not considered an expense under this measurement focus, annual charges for depreciation are recognized to indicate the use of these assets over time.

The following information is a condensed version of the Statement of Net Position and Activities with comparative information included. The analysis below focuses on the net position and changes in net position of the Town's governmental activities. The Town of Mapleton's net position for the governmental activities increased by \$170,524 during the year ended December 31, 2014. The total cost of governmental activities was \$2,361,380. However, many programs are subsidized by user fees, grants and contributions. Therefore, the ultimate cost to the taxpayers was \$2,324,544 after taking into consideration the program revenues. See the Statement of Activities for greater detail

	12/31/14	12/31/13
<i>Statement of Net Position:</i>		
Total current assets	\$ 1,084,748	\$ 941,201
Total non-current assets	1,242,380	1,232,000
Total assets	2,327,128	2,173,201
Total current liabilities	(30,502)	(43,362)
Total long-term liabilities	(392,827)	(396,564)
Total net position	<u>\$ 1,903,799</u>	<u>\$ 1,733,275</u>
<i>Statement of Activities:</i>		
Tax revenues	\$ 2,187,996	\$ 2,092,782
Intergovernmental revenues	190,278	166,963
Other revenues	116,794	139,850
Total revenues	<u>2,495,068</u>	<u>2,399,595</u>
Education	1,309,089	1,231,782
County tax	134,122	134,179
Administration	252,874	265,961
Reserves	14,296	(677)
Public safety	39,864	38,572
Highways	286,222	253,062
Recreation	26,732	27,901
Property services	35,727	46,831
Interest on long-term debt	16,247	17,504
Community service	122,385	133,208
Protection	86,986	88,315
Total expenses	<u>2,324,544</u>	<u>2,236,638</u>
Change in net position	<u>\$ 170,524</u>	<u>\$ 162,957</u>

## **FINANCIAL ANALYSIS OF THE TOWN'S FUNDS**

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

The Town continues to meet its responsibilities for sound financial management. Actual revenues were over budget by \$110,273. Actual expenditures were under budget by \$99,367. After utilization of prior year fund balance the change in fund balance was a \$158,957 increase, mainly due to decreases in the reserve expenditures.

There were no accounts significantly over budget.

### **CAPITAL ASSETS**

Governmental activities capital assets net of depreciation totaled \$1,198,962 as of December 31, 2014, representing a \$9,426 increase from the prior year end. The Town spent funds on road improvements and some equipment. Annual depreciation expense totaled \$126,252. See financial statement note 5 for further details.

The town maintains a number of reserve accounts to contribute to the replacement and acquisition of new assets for the purpose of providing public service. See financial statement page 22 for a listing of these reserve accounts.

### **LONG-TERM DEBT**

In 2008 the Town entered into an Inter Community Agreement to operate a landfill and as such, has incurred debt totaling \$420,000. Debt retired for the year totaled \$7,787. See financial statement footnote number 7 for more information.

### **CONTACTING THE TOWN'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Town Manager, at P.O. Box 500, Mapleton, ME 04757.



## TOWN OF MAPLETON, MAINE

### GOVERNMENT WIDE STATEMENT OF NET POSITION DECEMBER 31, 2014

	GOVERNMENTAL ACTIVITIES
<i>Assets</i>	
Cash	\$ 961,413
Taxes receivable, net of allowance for uncollectibles	122,537
Accounts receivable	798
<i>Non-current capital assets</i>	
Tax liens	34,333
Tax acquired property	9,087
Property, plant and equipment, net of accumulated depreciation	1,198,960
	<u>\$ 2,327,128</u>
<i>Liabilities</i>	
Accounts payable	\$ 669
Other liabilities	(31)
Compensated absences	6,153
Due to other governments	15,594
Current portion of long-term debt	8,117
Total liabilities	<u>30,502</u>
<i>Long-term liabilities</i>	
Note payable	388,447
Compensated absences	4,380
	<u>392,827</u>
<i>Net Position</i>	
Net investment in capital assets	1,198,960
Unrestricted	704,839
Total net position	<u>1,903,799</u>
	<u>\$ 2,327,128</u>

## TOWN OF MAPLETON, MAINE

### GOVERNMENT WIDE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2014

Functions / Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
Governmental activities					
Education	\$ (1,309,089)	\$ -	\$ -	\$ -	\$ (1,309,089)
County tax	(134,122)	-	-	-	(134,122)
General government	(252,874)	-	-	-	(252,874)
Reserves	(14,296)	-	-	-	(14,296)
Public safety	(39,864)	-	-	-	(39,864)
Property services	(35,727)	-	-	-	(35,727)
Protection	(86,986)	-	-	-	(86,986)
Highways	(323,058)	-	-	36,836	(286,222)
Recreation	(26,732)	-	-	-	(26,732)
Interest on long-term debt	(16,247)	-	-	-	(16,247)
Community service	(122,385)	-	-	-	(122,385)
Total expenses	<u>\$ (2,361,380)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,836</u>	<u>(2,324,544)</u>
General revenues					
Property tax revenues					1,734,908
Excise tax revenues					453,088
Intergovernmental revenues					190,278
Interest income					9,278
Other revenues					107,516
Total revenues					<u>2,495,068</u>
Change in net position					170,524
Net position - January 1					1,733,275
Net position - December 31					<u>\$ 1,903,799</u>

*See accompanying independent auditor's report  
and notes to financial statements*

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**TOWN OF MAPLETON, MAINE**

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**BALANCE SHEET - GOVERNMENTAL FUNDS  
DECEMBER 31, 2014**

	Major fund General
<i>Assets</i>	
Cash	\$ 961,413
Uncollected taxes	122,537
Accounts receivable	798
Expired tax lien property	34,333
Tax aquired property	9,087
	<u>\$ 1,128,168</u>
<i>Liabilities</i>	
Accounts payable	\$ 669
Accrued items	(31)
Compensated absences	10,533
Due to other governments	15,594
Total liabilities	<u>26,765</u>
<i>Deferred inflow of resources</i>	
Unearned income	<u>105,166</u>
<i>Fund Balance:</i>	
Non-spendable	43,420
Committed fund balance	
Capital projects	500,080
Unassigned fund balance	452,737
Total fund balance	<u>996,237</u>
	<u>\$ 1,128,168</u>
Total fund equity as noted above:	\$ 996,237
Amounts reported for governmental activities in the statement are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation.	1,198,960
Certain assets are not available to pay for current fund liabilities and, therefore are deferred in the fund statements:	
Unearned property tax revenues	105,166
Other long-term assets are not available to pay for current-period expenditures and therefore the underlying resources are not recognized currently in the funds	(396,564)
Total net position of governmental activities:	<u>\$ 1,903,799</u>

## TOWN OF MAPLETON, MAINE

### STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2014

	Major Fund General
<i>Revenues</i>	
Taxes	
Property	\$ 1,740,552
Excise	453,088
Intergovernmental revenues	227,114
Interest income	9,278
Other revenues	107,517
Total revenues	<u>2,537,549</u>
<i>Expenditures</i>	
Education	1,309,089
County tax	134,122
General government	241,707
Reserves	149,974
Public safety	39,864
Property services	35,727
Protection	86,986
Highways	211,894
Recreation	22,810
Debt service	24,034
Community service	122,385
Total expenditures	<u>2,378,592</u>
<i>Change in Fund Balance</i>	
Net Change in Fund Balance	158,957
<i>Fund Balance - January 1</i>	837,280
<i>Fund Balance - December 31</i>	<u><u>\$ 996,237</u></u>

*See accompanying independent auditor's report  
and notes to financial statements*

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## TOWN OF MAPLETON, MAINE

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### RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2014

Net changes in fund balances - all governmental funds (page 9)	\$ 158,957
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Amounts reported for governmental activities in the Statement  
of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the government-wide statement of activities and changes in net position, the cost of those assets is allocated over their estimated useful lives as depreciation expense. The amount of capital assets recorded is as follows:

Pellet boiler	17,895
Road improvements	112,346
Heat pumps	5,437

Depreciation expense	(126,253)
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Change in unearned income	(5,644)
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Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position	7,786
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Change in net position of governmental activities (page 7)	<u>\$ 170,524</u>
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1. SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

The Town of Mapleton, Maine was incorporated under the laws of the State of Maine. The Town operates under a selectmen-manager form of government and provides the following services: public safety, public works, health and social services, education, public improvements, planning and zoning and general administrative services.

The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The financial statements of the Town consist of all funds of the Town and government entities that are considered to be controlled by or dependent on the Town. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective governing board. The Town has no entities that are controlled or dependent on the Town.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e. statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the Town (the primary government) and its component units. For the most part, the effect of inter-fund activity has been removed from these financial statements. Government activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The Town has elected not to allocate indirect costs among the programs, functions and segments. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate statements are provided for government funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

MEASUREMENT FOCUS / BASIS OF ACCOUNTING / BASIS OF PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Agency funds, a fiduciary fund type, have no measurement focus. Revenues, except for property taxes, are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met.

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the period or soon enough thereafter to pay liabilities of the current period. For this purpose the government considers revenues to be available if they are collected within 60 days of the end of the current period. Expenditures, other than principal and interest on long-term debt, are recorded when the related fund liability is incurred, if measurable. Principal and interest on general long-term debt is recognized when due and certain compensated absences and claims and judgments are recognized when the obligations are due and payable.

The revenues susceptible to accrual are property taxes and interest income. All other governmental fund revenues are recognized when received and are recognized as revenue at that time.

The Town reports the following major governmental funds"

The *general fund* is the Town's main operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Town's proprietary fund (if applicable) and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program, 2) operating or capital grants and contributions, and 3) capital grants and contributions, including special assessments. Taxes and other items not properly included among program revenues are reported instead as general revenues.

BUDGETS

An operating budget is adopted each year for the general fund on the same modified accrual basis used to reflect actual revenues and expenditures. Special revenue funds do not have legally adopted budgets, but administratively approved project budgets

DEPOSITS AND INVESTMENTS

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the Town to invest in obligations of the U.S. government, its agencies and instrumentalities, and other state and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Maine, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements.

## 1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

## SHORT-TERM INTER-FUND RECEIVABLES/PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the combined balance sheet.

## CAPITAL ASSETS

Capital assets, not including infrastructure assets, purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost if actual historical is not available. Infrastructure assets capitalized have an original cost of \$50,000 or more. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Repairs and maintenance are recorded as expenses.

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives. Estimated useful lives are as follows:

Buildings	20-50 years
Building improvements	50 years
Equipment	5-15 years
Paving	10-15 years

## COMPENSATED ABSENCES

Town employees are granted vacation and sick leave in varying amounts. Vacation is intended to be taken within the year earned. Unused vacation is paid to employees prior to year-end, or with town managers approval, transferred to the next year. Accumulated sick leave is payable, at a 25% and 50% rate (maximum 30 days) to an employee upon voluntary termination or retirement. The liability for accumulated sick and vacation pay has been accrued in the financial statements in the amount of \$8,405. The Town has a designated account totaling \$15,311 to fund this liability, any remaining balance would be charged to surplus.

FUND EQUITY

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designated fund balances represent tentative plans for future use of financial resources.

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.



(1) SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FUND EQUITY (CONT'D)

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories list below.

1. *Non-spendable*, such as fund balance associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned),
2. *Restricted* fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation,
3. *Committed* fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Selectmen (the Town's highest level of decision-making authority),
4. *Assigned* fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.
5. *Unassigned* fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications

NET POSITION

Net position represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

USE OF ESTIMATES

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts and disclosures of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expense. Actual results could differ from these estimates.

2. DEPOSITS

Pursuant to L.D. 1694, approved March 2, 2006, the Towns of Mapleton, Castle Hill and Chapman deposit all tax revenues, grant revenues and other income into one depository account. This depository account is to be administered and used to pay both individual town and joint town operating expenditures and costs.

*Deposits* – State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government obligations or its agencies and instrumentalities or direct obligations of Maine or its agencies and instrumentalities that have a market value of not less than the principal amount of the deposits. The Town's deposits were fully insured by FDIC as required by state statutes at December 31, 2014. The carrying amount of the Town of Mapleton's deposits totaled \$961,413 and the joint bank balance was \$1,511,568.

3. PROPERTY TAX

Property taxes are levied as of April 1 and are used to finance the operations of the Town for the fiscal budget year beginning January 1. Taxes were committed for collection on July 17<sup>th</sup> and are due and payable on or before December 31st. In accordance with Maine law, taxes not collected within eight months following the date of commitment are secured by liens. Property tax revenues are recognized in the fiscal year for which the items have been levied. This policy is believed to be in conformity with the policy of other local governments in Maine.

Property taxes for the fiscal year ended December 31, 2014, \$1,730,819, were assessed at a rate of 14.9mils on the dollar on a total taxable valuation of \$116,162,318.

The Town has adopted the standard established by GASB-33 regarding the recognition of property taxes. The criteria for this standard is to recognize property tax revenue as it becomes both "measurable and available". Measurable is defined as the amount that the Town can reasonably expect to receive of the property taxes assessed for the current year. Available is defined as the period or expected to be collected shortly thereafter to pay current period after year-end. Accordingly, a liability has been reported on the combined balance sheet for the taxes considered collectible but not available for current liabilities of \$105,166.

4. DEFERRED COMPENSATION PLAN

The Town has established for its employees, as an alternative to participation in the defined benefit pension plan, a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan permits the employees to defer a portion of their salaries until future years. The deferred compensation amount is not available to the employees until termination, retirement or death. The plan is being maintained by the International City Management Retirement Corporation (I.C.M.A.).

Contributions are at the rate of 10.25% of the town manager's salary, with an additional 3.5% added for employees with ten or more years of service. The Town's contribution to the plan for December 31, 2014 totals \$7,277.

**TOWN OF MAPLETON, MAINE**

## NOTES TO FINANCIAL STATEMENTS (cont'd)

## 5. PROPERTY AND EQUIPMENT

<b>Totals</b>	Balance January 1	Additions	Deletions	Balance December 31
<i>Asset:</i>				
Building and improve.	\$ 793,525	\$ 33,900	\$ -	\$ 827,425
Pool / bath house	160,787	-	-	160,787
Trucks / equipment	1,588,645	-	-	1,588,645
Road improvements	1,357,431	379,213	-	1,736,644
	<u>3,900,388</u>	<u>413,113</u>	<u>-</u>	<u>4,313,501</u>
<i>Accumulated depreciation</i>				
Building and improve.	359,563	18,611	-	378,174
Pool / bath house	109,572	6,536	-	116,108
Trucks / equipment	1,064,185	87,322	-	1,151,507
Road improvements	388,500	97,951	-	486,451
	<u>1,921,820</u>	<u>210,420</u>	<u>-</u>	<u>2,132,240</u>
Net book value	<u>\$ 1,978,568</u>	<u>\$ 202,693</u>	<u>\$ -</u>	<u>\$ 2,181,261</u>

**Mapleton's Portion (approx 60% of above totals)**

<i>Asset:</i>				
Building and improve.	\$ 476,296	\$ 23,332	\$ -	\$ 499,628
Pool / bath house	100,152	-	-	100,152
Trucks / equipment	1,002,725	-	-	1,002,725
Road improvements	759,909	112,346	-	872,255
	<u>2,339,082</u>	<u>135,678</u>	<u>-</u>	<u>2,474,760</u>
<i>Accumulated depreciation</i>				
Building and improve.	215,737	11,167	-	226,904
Pool / bath house	65,743	3,922	-	69,665
Trucks / equipment	634,966	52,393	-	687,359
Road improvements	233,100	58,771	-	291,870
	<u>1,149,546</u>	<u>126,252</u>	<u>-</u>	<u>1,275,798</u>
Net book value	<u>\$ 1,189,536</u>	<u>\$ 9,426</u>	<u>\$ -</u>	<u>\$ 1,198,962</u>

Depreciation has been allocated in the Statement of Activities as follows:

General government	\$ 11,167
Recreation	3,922
Highways	111,164
	<u>\$ 126,252</u>

## 6. STATUTORY DEBT LIMITATION

In accordance with MRSA Title 30, Section 5061, as amended, no municipality shall incur debt for specified purposes in excess of a certain percentage of the state valuation of such municipality. The Town believes it is in compliance with State statutes.

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**TOWN OF MAPLETON, MAINE**

## NOTES TO FINANCIAL STATEMENTS (cont'd)

**7. LONG-TERM DEBT**

In May of 2008 the Towns of Mapleton, Castle Hill, Chapman, Washburn, Perham and Wade entered into an Inter Community Agreement to maintain and operate a solid waste facility and recycling center that is located in, and owned by, the city of Presque Isle. The landfill has incurred substantial debt for expansion of \$6.3 million dollars that is shared by the various communities as follows:

City of Presque Isle	83.57%
Town of Mapleton	6.64%
Town of Chapman	1.37%
Town of Castle Hill	0.64%
Town of Washburn	6.32%
Town of Perham	0.93%
Town of Wade	0.53%
	<u>100.00%</u>

This debt is paid annually at \$376,076 including interest at 4.25% with a final payment due January 27, 2041.

The Town of Mapleton's portion is as follows:

<u>Balance at</u> <u>January 1</u>	<u>Debt</u> <u>Issued</u>	<u>Debt</u> <u>Retired</u>	<u>Balance at</u> <u>December 31</u>
<u>\$ 404,351</u>	<u>\$ -</u>	<u>\$ (7,787)</u>	<u>\$ 396,564</u>

Maturates as follows:

2015	8,117
2016	8,462
2017	8,822
2018	9,197
2019	9,588
2020-2024	54,410
2025-2029	66,997
2030-2034	82,497
2035-2039	101,582
2040-2041	46,892
	<u>\$ 396,564</u>

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**TOWN OF MAPLETON, MAINE**

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## NOTES TO FINANCIAL STATEMENTS (cont'd)

## 9. OTHER REVENUES - GENERAL FUND

Description	Budget	Actual	Variance Favorable (Unfavorable)
Town clerk fees	\$ 3,400	\$ 3,794	\$ 394
M.V. agent fees	7,900	7,986	86
Lien cost recovery	4,400	4,005	(395)
Weapons permits	200	440	
Other	1,000	1,584	584
Highway department	1,380	4,932	3,552
Fire department	7,874	8,157	283
Recreation	3,511	5,400	1,889
Public safety	1,000	1,325	325
Community services	61,833	62,284	451
Property services	5,400	6,965	1,565
General assistance	4,000	645	(3,355)
	<u>\$ 101,898</u>	<u>\$ 107,517</u>	<u>\$ 5,379</u>

## 10. JOINT VENTURE - INTERLOCAL AGREEMENT

The legislative body held a joint town meeting September 9, 2009 to approve the fourth amendment to the Interlocal Agreement.

The cost sharing formula for administration is now based on 70% of the population as set by the current U.S. Census and 30% of the current State valuation with the resulting percentage rounded to the nearest 10<sup>th</sup> and adopted annually.

The cost sharing formula for the highway department and capital costs are apportioned between the towns on the basis of the total road miles maintained within each community in a given year. Road miles for each party will be determined by adding the total number of road miles maintained during the summer months to the total number of road miles maintained during the winter months and dividing the total by two. The calculation will be utilized and updated annually each fiscal year.

The ownership of the Municipal building is as follows:

	Before Transfer	After Transfer
Town of Mapleton	75.0%	60.0%
Town of Castle Hill	25.0%	20.0%
Town of Chapman	0.0%	20.0%
	<u>100.0%</u>	<u>100.0%</u>

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**TOWN OF MAPLETON, MAINE**

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## NOTES TO FINANCIAL STATEMENTS (cont'd)

## 10. JOINT VENTURE - INTERLOCAL AGREEMENT (cont'd)

Administrative and highway department cost allocations are as follows:

	Municipal Building	Admin- istration	Highway
Town of Mapleton	60.0%	68.9%	53.1%
Town of Castle Hill	20.0%	14.7%	21.1%
Town of Chapman	20.0%	16.4%	25.8%
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

## 11. PENSION PLAN

Town employees contribute to the Maine State Retirement System ("System"), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for public school teachers. The system maintains a defined benefit pension plan.

Benefits vest after ten years of service. Employees who retire at or after age sixty with one year of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to two percent of the average of their benefits. These benefit provisions and all other requirements are established by state statute.

All participants are required to contribute 6.5% of their annual salary. The Town contributes the remaining amounts necessary to fund the System, using the actuarial basis specified by statute.

The Maine State Retirement System issues a publicly available financial report that includes financial statements and required supplemental information for the Consolidated Plan. That report may be obtained by writing to the Maine State Retirement System, 46 State House Station, Augusta, ME 04333-0046 or by calling 1-800-451-9800.

## 12. RISK MANAGEMENT

The Town is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters.

The Town participates in the Maine Municipals Association – Worker Compensation Trust Fund ("Fund"). The Fund was created to formulate, develop and administer a program of modified self-funding for the Fund's membership, obtain lower costs for worker's compensation coverage and develop a comprehensive loss control program. The Town pays an annual premium to the fund for its worker's compensation coverage. The Town's agreement with the Fund provides that the fund will be self-sustaining through commercial company's reinsurance contracts, individual stop loss coverage for member Town's for claims in excess of \$400,000 with an excess limit of \$2,000,000. There have been no significant changes in insurance coverage during the past year.

The Town also is a member of the Maine Municipal Association – Property and Casualty Pool ("Pool"). As with the Fund above, the Pool was created to obtain lower rates for its members. The Town pays an annual premium for its property and liability coverage. Under the property coverage portion of the Pool, coverage is provided after the deductible is met, to \$26,000,000. Under the liability portion of the Pool, coverage is provided after the deductible is met, to \$1,000,000.

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***TOWN OF MAPLETON, MAINE***

## NOTES TO FINANCIAL STATEMENTS (cont'd)

## 13. CONTINGENCIES

The Town is liable for its proportional share of any defaulted debt by entities of which it is a member. At December 31, 2014 the Town's share is as follows:

	Outstandin g Debt	Town's Percentage	Total share	
County of Aroostook	\$0	.39%	\$0	
SAD No. 1	\$5,733,879	15.81%	\$906,526	

## 14. NONSPENDABLE FUND BALANCES

At December 31, 2014, the non-spendable fund balance consists of tax acquired property and expired lien property.

## 15. SUBSEQUENT EVENTS REVIEW

Management has evaluated subsequent events for the period January 1, 2015 through January 29, 2015 for any possible disclosures. None were needed. This is not however, when the financial statements were issued.

*TOWN OF MAPLETON, MAINE*

SCHEDULE OF GENERAL FUND REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2014

	Budget			Actual	Variance Favorable (Unfavorable)
	Original	Adjust	Final		
Revenues					
<i>Taxes</i>					
Commitment	\$ 1,725,951	\$ -	\$ 1,725,951	\$ 1,736,453	\$ 10,502
Supplemental tax	100	-	100	4,099	3,999
Excise tax	386,500	-	386,500	453,088	66,588
<i>Intergovernmental revenues</i>					
Revenue sharing	69,241	-	69,241	68,238	(1,003)
U.R.I.P funds	35,100	-	35,100	36,836	1,736
Homestead exemption	46,454	-	46,454	48,885	2,431
BETE reimbursement	33,765	-	33,765	33,799	34
Veterans reimbursement	1,200	-	1,200	882	(318)
Tree growth	2,000	-	2,000	2,008	8
Snowmobile reimbursement	1,750	-	1,750	22,150	20,400
Efficiency Maine Grant	-	14,317	14,317	14,316	(1)
<i>Interest income</i>	9,000	-	9,000	9,278	278
<i>Other revenues</i>	101,898	-	101,898	107,517	5,619
	<u>2,412,959</u>	<u>14,317</u>	<u>2,427,276</u>	<u>2,537,549</u>	<u>110,273</u>
Expenditures					
Education	1,309,089	-	1,309,089	1,309,089	-
County tax	134,877	-	134,877	134,122	755
General government	274,517	-	274,517	241,707	32,810
Reserves	196,015	-	196,015	149,974	46,041
Public safety	40,826	-	40,826	39,864	962
Property services	44,217	-	44,217	35,727	8,490
Protection	89,092	-	89,092	86,986	2,106
Highways	212,977	-	212,977	211,894	1,083
Recreation	28,608	-	28,608	22,810	5,798
Debt service	24,034	-	24,034	24,034	-
Community service	123,707	-	123,707	122,385	1,322
	<u>2,477,959</u>	<u>-</u>	<u>2,477,959</u>	<u>2,378,592</u>	<u>99,367</u>
Change in Fund Balance	<u>\$ (65,000)</u>	<u>\$ 14,317</u>	<u>\$ (50,683)</u>	158,957	<u>\$ 209,640</u>
Fund Balance - January 1				837,280	
Fund Balance - December 31				<u>\$ 996,237</u>	



**TOWN OF MAPLETON, MAINE**

SCHEDULE OF CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED DECEMBER 31, 2014

	Balance January 1	Appropriation	Receipts	Total Available	Disbursements	Transfers	Balance December 31
<b>Committed Fund Balance</b>							
Highway Equipment	\$ 69,277	\$ 27,591	\$ -	\$ 96,868	\$ -	\$ -	\$ 96,868
Community Development Fund	25,676	-	-	25,676	-	-	25,676
Local road improvements	105,834	123,000	-	228,834	(112,346)	-	116,488
Fire Department	126,890	27,532	14,317	168,739	(17,897)	-	150,842
Fire Department donation	11,000	-	-	11,000	(10,461)	-	539
Muni bldg reserve	26,968	3,690	-	30,658	(6,460)	-	24,198
Comprehensive Planning	6,603	688	-	7,291	-	-	7,291
Recreation program	7,253	6,883	-	14,136	-	-	14,136
Hanson Lake reserve	3,500	-	-	3,500	-	-	3,500
FEMA Emergency Funds	5,220	-	-	5,220	-	-	5,220
Legal fees - individual	2,237	2,500	-	4,737	-	-	4,737
Legal fees - joint	1,378	1,377	-	2,755	-	-	2,755
Wilcox subdivision	1,000	-	-	1,000	-	-	1,000
Septic systems	8,353	-	-	8,353	-	-	8,353
Assessing	9,611	1,377	-	10,988	-	-	10,988
Employee incentive fund	1,301	-	1,502	2,803	(2,051)	-	752
Employee benefits	15,311	-	-	15,311	-	-	15,311
Office equipment reserve	12,313	1,377	-	13,690	(2,264)	-	11,426
	<u>\$ 439,725</u>	<u>\$ 196,015</u>	<u>\$ 15,819</u>	<u>\$ 651,559</u>	<u>\$ (151,479)</u>	<u>\$ -</u>	<u>\$ 500,080</u>

**INDEPENDENT AUDITOR'S REPORT ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

To the Management of the  
Town of Mapleton

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Mapleton, as of and for the year ended December 31, 2014, and the related notes to the financial statements.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered Town of Mapleton's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of Mapleton's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Mapleton's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we noted no deficiencies in internal control that we consider to be material weaknesses as described above. However, other material weaknesses may exist that have not been identified.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Town of Mapleton's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Davis, Gates & Alward CPA's*

Presque Isle, Maine  
February 3, 2015